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# Wars and Capitalism

Pëtr Kropotkin

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1914

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1914



economists remain completely outside the realities of the economic and social world.

[1] \* At the time of the Egyptian "war," in 1882, H.M. Hyndman published in the *Nineteenth Century* an excellent article telling in full of this piece of robbery.

[2] \* These lines were written and published in the *Temps Nouveaux* in the Summer of 1912. The striking revelations of Liebknecht, concerning the ways in which rumors of coming wars are spread in the Press by the owners of armament factories, and national hatred fostered in order to increase the orders for war material, have come since to illustrate on a grand scale this dominant feature of the present-day industry.

[3] \* A few figures will make these economic shocks the more apparent. Between 1900 and 1904 the exports of British produce from the United Kingdom were normal and fluctuated round about £300,000,000. In 1904 there was a rumor of a great war; the United States quickened her production, and English exports rose in three years from £300,000,000 to £426,000,000. But the war, so longed for, was not forthcoming, and there was a sudden decline of orders; the crisis we mentioned broke out in the United States, and exports of English produce fell to £327,000,000. In 1910, however, the anticipation of a great European war was about to be realized, and in 1910 and 1911 English exports rose to an absolutely unforeseen height which they had never approached before. Yet nobody could explain the fact. In 1911 the exports reached £454,000,000, and over £487,000,000 in 1912. Coal, steel, lead, fast vessels, cruisers, cartridges, cloth, linen, foot-gear, leather, preserved foods, -- everything was in demand and was exported in huge quantities. Fortunes were heaped up visibly. Men were about to massacre one another; what good luck!

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in the relations between nations. It is the approval or disapproval of financiers that makes and unmakes Ministries everywhere in Europe. True, that in England there is also the approval of the State Church and of the brewers to be faced; but the Church and the brewers are always in agreement with the great financiers, who take care never to interfere with their partizans' income. After all, as a Minister is but a man who holds fast to his office, to his power, and to the possibilities of enrichment which his post offers to him and to his supporters, it necessarily follows that the question of international relations is nowadays finally reduced to knowing whether the favored monopolists of a particular State will take such or such an attitude towards the favorites of the same caliber in another State.

Thus, the *state of economical forces* brought into action is determined by the technical development of diverse nations at a certain time in their history; but the *use* that will be made of these forces depends entirely on the *degree of servitude* towards their Government to which populations have allowed themselves to be reduced. The economical forces which could produce harmony and well-being, and give a fresh impulse to libertarian civilization if they had free play in society, -- these forces, being directed by the State, that is to say, by an organization specially developed to enrich the rich and to absorb all modern progress in order to benefit privileged classes -- these same forces become an instrument of oppression, of monopolists, and endless wars. They accelerate the enrichment of the favored, and they augment the misery and the enthrallment of the poor.

This is why those economists who continue to consider economic forces alone, without analyzing the limits within which their action is circumscribed nowadays -- without taking into account *the ideology of the State*, or the forces that each State necessarily places at the service of the rich, in order to favor their enrichment at the expense of the poor -- this is why such

partition of Eastern Africa, and to act in concert as regards "the spheres of influence" in Asia and in Africa -- that is to say, come to terms over the next conquests- for a sudden stoppage of industry to take place in Europe similar to the crisis from which the United States have suffered recently.

In truth, this reduction began to be felt already at the beginning of 1912. That is why the Coal Companies and the Cotton Lords of England proved so uncompromising towards their work people and drove them to a strike. They foresaw a reduction of orders when they had already too great a stock of goods and too much coal piled up around their mines.

\* \* \*

When we closely analyze the facts arising from the activity of modern States, we understand to what extent the whole life of our civilized societies depends, not on the *facts* of economic developments in nations, but on *the manner in which various groups of monopolists and privileged men, more or less favored by the State, react on these facts.*

Thus it is evident that the entry into the arena of economics of such a powerful producer in modern Germany, with her schools, her technical education spread broadcast among her people, her youthful high spirits, and her capacity for organization, of necessity changed the relations between nations. A readjustment of forces was unavoidable. But, owing to the specific organization of modern States, the adjustment of *economic* forces is impeded by another factor of *political* origin: the privileges and the monopolies constituted and upheld by the State.

In reality, modern States are specially constituted in order to establish privileges in favor of the rich, at the expense of the poor. The great financial houses of each nation always lay down the law in all political matters of importance. "What will Baron Rothschild say to it?" "What attitude will the syndicate of great bankers in Paris, Vienna, and London take?" Such questions have become the dominant element in political affairs and

## I. INDUSTRIAL COMPETITION

In 1883, when England, Germany, Austria, and Romania, taking advantage of the isolation of France, leagued themselves against Russia, and a terrible European war was about to blaze forth, we pointed out in the *Révolté* what were the real motives for rivalry among States and the wars resulting therefrom.

The reason for modern war is always the competition for markets and the right to exploit nations backward in industry. In Europe we no longer fight for the honor of kings. Armies are pitted against each other that the revenues of Messrs. Almighty Rothschild, of Schneider, of the Most Worshipful Company of Anzin, or of the most Holy Catholic Bank of Rome may remain unimpaired. Kings are no longer of any account.

In fact, all wars in Europe during the last hundred and fifty years were wars fought for industrial advantage and the rights of exploitation. Towards the end of the eighteenth century the great industries and world commerce of France, backed by her navy and her colonies in America (Canada) and Asia (in India), began to develop. Thereupon England, who had already crushed her competitors in Spain and Holland, anxious to keep her herself alone the monopoly of maritime commerce, of sea-power, and of a Colonial Empire, took advantage of the Revolution in France to begin a whole series of wars against her. From that moment England understood what riches a monopolized outlet for her growing industry would bring in. Finding herself rich enough to pay for the armies of Prussia, Austria, and Russia, she waged during a quarter of a century a succession of

terrible and disastrous wars against France. That country was compelled to drain herself in order to withstand these wars, and only at this price was she able to uphold her right to remain a "Great Power." That is to say, she retained her right of refusing to submit to all the conditions that English monopolists endeavored to impose upon her to the advantage of their own commerce. She upheld her right to a navy and to military ports. Frustrated in her plans for expansion in North America, where she lost Canada, and in India, where she was compelled to abandon her colonies, she received in return permission to create a Colonial Empire in Africa on condition that she did not touch Egypt; she was permitted to enrich her monopolists by pillaging the Arabs of Algeria.

Later on, in the second half of the nineteenth century, it was Germany's turn. When serfdom was abolished as a consequence of the uprisings in 1848, and the abolition of communal property compelled young peasants in a body to leave the country for the town, where they offered themselves as "out-of-works" at starvation wages to the Masters of Industry, Industry on a large scale began to flourish in several German States. German manufacturers soon got to understand that if the working classes were given a good technical education they would rapidly overtake great industrial countries like France and England -- on condition, be it well understood, of obtaining for Germany advantageous outlets beyond her frontiers. They knew what Proudhon had so well demonstrated: that a trader can only succeed in substantially enriching himself if a large portion of his produce is exported to other countries, where it can be sold at a price not obtainable in the country where it was manufactured.

Since that time, in all the social strata of Germany -- those of the exploited as well as those of the exploiters -- there was a passionate desire to unify Germany at all costs: to build up a powerful Empire capable of supporting an immense army and a strong navy, which would be able to conquer ports in the

This is war; this is how the State enriches the rich, keeps the poor in misery, and year by year reduces them more and more to subjection.

\* \* \*

Now, a crisis resulting from the same causes as the one in the United States will in all likelihood be produced in Europe, and especially in England.

Towards the middle of the year 1911 the world was astonished at the sudden and quite unforeseen increase in English exports. Nothing of consequence in the world of economics led us to expect it. No reason for it has been given, precisely because the only possible explanation is that the orders came from the Continent in anticipation of a war between England and Germany. As we know, this war failed to break out in July, 1911; but if it had broken out, France, Russia, Austria, and Italy would have been compelled to participate in it. It is evident that great financiers, who supply speculators in metal, provisions, cloth, leather, etc., with their credit, had been warned of the threatening turn relations were taking between the two sea Powers. They knew that both Governments were pressing forward their preparations for war, so they hastened to give their orders, which increased English exports in 1911 beyond measure.[3]

To the same cause is also due the recent extraordinary rise in prices of all provisions without exception, at a time when neither the yield of last year's harvest nor the accumulation of all kinds of goods in warehouses justified the rise. The fact is also that the rise did not affect provisions only; all goods were influenced by it. Orders continued to pour in when no reason whatever, save the anticipation of war, could be brought forward for this excessive demand.

And now it would be sufficient that the great Colonial speculators of England and Germany agree about their share in the

in modern warfare, and the United States manufactured it in a fantastical way, as well as those metals, such as nickel and manganese, which are required in the manufacture of various kinds of steel used for war materials. At the same time, the big American concerns vied with one another as to who would speculate the most in gun metal, copper, lead, and nickel.

The same thing happened with supplies of corn, preserved meat, fish, and vegetables. Cottons, cloth, and leather followed closely. And as each great industry gives rise to a number of smaller ones around it, the fever of a production far in excess of the demand spread more and more. Money-lenders, or rather credit-lenders, who supplied the manufacturers with capital, profited of course by this fever, even more so that the captains of industry.

Then, at a blow, production suddenly stopped, without it being possible to ascribe the fact to any one of the causes to which preceding crises had been attributed. The truth is, that from the day when the great European financial houses were sure that Japan, ruined by the war in Manchuria, would not dare to attack the United States, and that no European nation felt itself sufficiently sure of victory to draw the sword, European capitalists refused to give credit either to those American bankers who kept up over-production, or to the Japanese "Nationalists."

The threat of an imminent war ceased. Steel factories, copper mines, blast furnaces, dockyards, tanneries, all suddenly slowed down their operations, their orders, their purchases.

It was worse than a crisis, it was a disaster. Millions of workers of both sexes were thrown on the street and left in the most abject misery. Great and small factories closed down. The contagion spread as during an epidemic, sowing terror around.

Who will ever tell of the sufferings of millions of men, women, and children, of broken lives during the crisis, while immense fortunes were being made in anticipation of mangled flesh and the piles of human corpses about to be heaped up in the great battles!

North Sea and the Adriatic, and some day ports in Africa and the East -- an Empire which would be the dictator of economic law in Europe.

For this plan to succeed, it was evidently necessary to break the strength of France, who would have resisted, and who at that time had, or seemed to have, the power of preventing its execution.

From these circumstances resulted the terrible war of 1870, with all its sad consequences as regards universal progress, which we suffer from even to-day.

By this war and this victory over France, a Germanic Empire -- the dream of Radicals, State Socialists, and partly of German Conservatives since 1848 -- was at last constituted. And this Empire made itself felt and its political power recognized, as well as its right to lay down the law in Europe.

Germany, on entering a striking period of juvenile activity, quickly succeeded in doubling and trebling her industrial productivity, and soon increasing it tenfold; and now the German middle classes covet new sources of enrichment in the plains of Poland, in the prairies of Hungary, on the plateaus of Africa, and especially around the railway line to Baghdad in the rich valleys of Asia Minor, which can provide German capitalists one of the most beautiful skies in the world. It may be so with Egypt also some day.

Therefore, it is ports for export, and especially military ports in the Mediterranean Adriatic and in the Adriatic of the Indian Ocean -- the Persian Gulf -- as well as on the African coast in Beira, and also in the Pacific, that these schemers of German colonial trade wish to conquer. Their faithful servant, the German Empire, with its armies and ironclads, is at their service for this purpose.

But at every step these new conquerors meet with a formidable rival -- England bars the way.

Jealous of keeping her supremacy on the sea, jealous above all of keeping her colonies for exploitation by her own mo-

nopolists, scared by the success of Germany's colonial policy and the rapid development of her navy, England is redoubling her efforts in order to have a fleet capable of infallibly crushing her German rival. England looks everywhere for allies to weaken the military power of Germany on land. And when the English press sow alarm and terror, pretending to fear a German invasion, they well know that danger does not lie in that quarter. What England needs is the power to dispatch her regular army to where Germany, in accord with Turkey, might attack a colony of the British Empire (Egypt, for instance). And for this purpose she must be in a position to retain at home a strong Territorial army read to drown in blood, if necessary, any working-class rebellion. For this reason principally military arts are taught to young bourgeois, grouped in squads of "scouts."

The English bourgeoisie of to-day wants to act towards Germany as it twice acted towards Russia in order to arrest, for fifty years or more, the development of that country's sea-power, -- once in 1855, with the help of Turkey, France, and Piedmont; and again in 1904, when she hurled Japan against the Russian fleet and against Russia's military port in the Pacific.

That is why for the past two years we have been living on the alert, expecting a colossal European war to break out from one day to another.

Besides, we must not forget that the industrial wave, in rolling from West to East, has also invaded Italy, Austria, and Russia. These States are in their turn asserting their "right" -- the right of their monopolists to booty in Africa and in Asia.

Russian brigandage in Persia, Italian plunder of the desert Arabs around Tripoli, and French brigandage in Morocco are the consequences.

The *Concert* of brigands, acting in the service of the monopolists who govern Europe, has "allowed" France to seize Morocco, as it has "allowed" England to seize Egypt; it has "allowed" Italy to lay hold of a part of the Ottoman Empire, in

## IV. INDUSTRIAL CRISES DUE TO ANTICIPATION OF WAR.

The necessity for preparing, long beforehand, formidable quantities of war material and accumulations of stores of every description, brings about in all industries shocks and crises from which every one, and especially the working man, suffers to a terrible extent. This fact was to be observed quite recently in the United States.

Every one, no doubt, remembers the industrial crisis that devastated the United States some three or four years ago. In a measure, it is not over yet. Well, the origin of this crisis -- whatever may have been said about it by "scientific" economists, who know the writings of their predecessors, but ignore real life -- the true origin of this crisis lay in the excessive production of the chief industries of the States, carried on during several years in anticipation of a great European war and of a war between Japan and the United States. Those who spread the idea of these wars knew well the effect that the expectation of such conflicts would exercise in stimulating certain American industries. In fact, for two or three years a feverish energy reigned in extracting all sorts of metals and coal, and in the manufacture of railway plant and preserved articles of food, as well as all materials for clothing.

The extraction of iron ore and the manufacture of steel in the United States reached quite unexpected proportions during these years. Steel is the principal article of consumption



\* \* \*

However, modern wars do not only consist of massacres, of massacre brought to the pitch of rage -- of a return to savagery. They also cause the destruction of human labor on a colossal scale, and we continually feel the effect of this destruction *in time of peace* by the increase of misery among the poor, running parallel with the enrichment of the rich.

Every war destroys a formidable amount of all sorts of goods, including not only the so-called war material, but also things most necessary to everyday life and to society as a whole: bread, meat, vegetables, food of all kind, beasts of burden, leather, coal, metal, clothing, and so on. This represents the useful labor of millions of men during decades; and all this is wasted, burnt, gutted in a few months. Even in time of peace it is wasted, in anticipation of coming wars.

As this war material, these metals, and these stores must be prepared beforehand, the mere possibility of a new war brings about in all our industries shocks and crises that every one of us feels. You, and I, all of us, we feel their effect in the smallest details of our life. The bread we eat, the coal we burn, the railway ticket we buy, the price of each article depends on rumors relating to the likelihood of war at an early date -- rumors propagated by speculators on a rise in the prices of all this produce.

The great industrial crises which we have lately lived through were certainly due -- as we shall see in our next issue -- to the anticipation of wars.

order to prevent its being seized by Germany and it has "allowed" Russia to take Northern Persia, in order that England might secure a substantial strip of land on the borders of the Persian Gulf before the German railway can reach it.

And for this Italians, massacre inoffensive Arabs, French massacre Moors, and the hired assassins of the Czar hand Persian patriots who endeavor to regenerate their country by a little political liberty.

Zola had a good reason for saying: "What scoundrels respectable people are!"

## II. THE GREAT FINANCIAL HOUSES.

All States -- we saw in our previous article -- as soon as the great industries and the huge trading concerns develop among their people, become unavoidably involved in wars. They are driven to them by their own manufacturers, and even by their own working classes, in order to conquer new markets -- that is, new sources of easily-obtained riches. Moreover, in every State there exists nowadays a class -- a clique, I should say -- infinitely more powerful than the manufacturing class, and which also incites to war. It is composed of great financiers and rich bankers, who intervene in international relations, and who foment wars.

It happens nowadays in a very simple way.

Towards the end of the Middle Ages most of the large Republican cities of Italy ended by running up huge debts. When the period of decay of these cities had begun, owing to their continued endeavors to conquer rich Oriental markets, and the conquest of such markets had caused endless wars between the Republican cities themselves, they began to contract immense debts to their own rich Merchant Guilds. A like phenomenon of bankers are willing to lend against a mortgage on their borrowers' future income.

Of course, it is principally the small States which are preyed upon. Bankers lend them money at 7, 8, and 10 percent, and as a rule the loans are "realized" in such cases at no more than 80 percent Of the borrowed sum. So that, after deducting commissions to banks and middlemen, the State very often does

last three days, as was the case in the just-named great battles, but seven days (Lao-Yang) and ten days (Mukden); and the losses are 100,000 and 150,000 men *on each side*.

The ravages caused by shells, thrown with accuracy of aim at a distance of three, four, or five miles, by batteries the position of which cannot be made out, as they use smokeless powder, are unimaginable. The guns are not fired haphazard any more. The position occupied by the enemy is divided mentally into squares two-thirds of a mile wide, and the fire from all the batteries is concentrated on each square successively, in order to destroy everything to be found there.

When the fire from several hundred pieces of ordnance is concentrated on such a square, there is no space of ten square yards that has not been struck by a shell, not a bush that has not been cut down by the howling monsters sent nobody knows whence. Seven or eight days of this terrible fire drives the soldiers to madness; and when the attacking columns, after having been repelled eight to ten times in succession, nevertheless gain ground by a few yards every time, and finally reach the enemy's trenches, a hand-to-hand struggle begins. After having hurled hand-grenades and pieces of pyroxyline at one another (two pieces of pyroxyline tied together with a string were used by the Japanese as a sling), Russian and Japanese soldiers rolled in the trenches of Port Arthur like wild beasts, striking each other with the butt-end of their rifles and with their knives, and tearing each other's flesh with their teeth.

The working classes of the West know nothing of this terrible return to the most atrocious savagery which modern warfare brings forth; and the middle class who know it take care not to tell them.

We were told that smokeless powder would render wars impossible, to which we replied that this was sentimental nonsense. We now *know* that with the return of modern warfare to the hand-grenade, the sling, and the bayonet, war has returned to the most barbarous aspects of olden days.

In 1904-5 they almost succeeded in driving France, governed at that time by Clemenceau and Delcassé, into a war against Germany -- the Minister for Foreign Affairs of the Conservative Government, Lord Lansdowne, having promised to support the French armies with an army of 50,000 men, to be sent to the Continent. Delcassé, having attached undue importance to this ridiculous proposal, very nearly launched France into a disastrous war.

In general, the more we advance with our bourgeois State civilization, the more the Press, ceasing to be the expression of what may be called public opinion, applies itself to manufacturing warlike opinion by the most infamous means. The Press, in all great States, is controlled by two or three financial syndicates, which manufacture the public opinion needed for the promotion of their enterprises. They own the large newspapers, and the lesser ones are of no account. They are to be bought at such low prices!

\* \* \*

But this is not all. The gangrene spreads far deeper.

Modern wars no longer consist of a mere massacre of hundreds of thousands of men in a few great battles: a massacre of which those who have not followed the details of the great battles during the last war in Manchuria and the atrocious details of the great battles during the last war in Manchuria and the atrocious details of the siege and defense of Port Arthur have absolutely no idea. Yet the three great historical battles -- Gravelotte, Potomac, Borodino (near Moscow) -- each lasting three days, and in which there were respectively 90,000, 100,000, and 110,000 men killed and wounded on both sides, -- these battles were child's play in comparison to modern warfare, as we saw it in Manchuria.

To-day, great battles are fought on a front, not of five to ten miles as before, but of thirty-five to forty miles; they no longer

not receive even as much as three-quarters of the amount inscribed in its ledger.

On these swollen or "watered" sums the State that has contracted debts must in future provide both for interest and sinking fund. And when it does not do so at the appointed term, the bankers are quite willing to add the arrears of interest and sinking fund to the principal of the debt. The worse the finances of the indebted State grow, the more reckless the expenditure of its rulers, the more willingly are new loans offered to it. Whereupon the bankers, after setting themselves up as a "Concert," combine to lay hands on certain taxes, certain duties, certain railway lines.

In this way the financiers ruined Egypt, and later on caused it to be practically annexed by England. The more foolish the expenditure of the Khedive, the more he was encouraged. It was annexation by small doses.[1] In the same way Turkey was ruined, in order to take her provinces little by little. The same means, we are told, were employed towards Greece, when a group of financiers egged her on to war with Turkey, in order to seize part of her revenues. And in the same way Japan was exploited by the great financial houses of the United States before and during her wars with China and Russia.

As to China, for several years she has been partitioned by a syndicate representing the great banks of England, France, Germany, and the United States. And since the Revolution in China, Russia, and Japan demand to be allowed to take part in this syndicate. They want to profit by it in order to extend not only their spheres of exploitation, but also their territories. The partitioning of China, prepared by bankers, is thus on the order of the day.

In short, there is in the lending States a complete organization, in which rulers, bankers, company promoters, concoctors of business schemes, and other interlopers, whom Zola has so well described in "L'Argent," joined hands in order to exploit whole States. Thus, where simple folk believe they have discov-

ered deep political reasons, there are only plots hatched by the filibusters of finance, who exploit everything: political and economical rivalry, national enmities, diplomatic traditions, and religious conflicts.

In all the wars of the last quarter of a century we can trace the work of the great financial houses. The conquest of Egypt and the Transvaal, the annexation of Tripoli, the occupation of Morocco, the partition of Persia, the massacres in Manchuria, the massacres and international looting in China during the Boxer riots, the wars of Japan -- everywhere we find great banks at work. Everywhere financiers have had the casting vote. And if up till now a great European war has not burst out, it is simply because the great financiers hesitate. They do not quite know to which side the millions involved will cause the scales to turn; they do not know which horse to back with their millions.

As to the hundreds of thousands of human lives which the war would cost -- what have the financiers to do with them? The mind of a financier works with columns of figures which balance each other. The consequences do not come within his province; he does not even possess the necessary imagination to bring human lives into his calculations.

\* \* \*

What an abominable world would be unveiled if only somebody took the trouble to study finance behind the scenes! We can guess it sufficiently, if only from the wee corner of the veil lifted by "Lysis" in his articles in *La Revue*, which appeared in 1908 in a volume entitled "Contre l'Oligarchie Financière en France" ("Against the Financial Oligarchy in France").

From this work we can, in fact, see how four or five large French banks -- the Crédit Lyonnais, the Société Générale, the Comptoir National d'Escompte, and the Crédit Industriel et Commercial -- have come to possess the complete monopoly of great financial operations in the French money market.

Now, it is perfectly evident that the direct advantage of those capitalists who have invested their capital in such concerns lies in keeping up rumors of war in order to persuade us that armaments are necessary, and even spreading panic if need be. In fact, they do so.

If the chances of a European war sometimes grow less, if the ruling classes -- though themselves interested as shareholders in great factories of this kind (Anzin, Krupp, Armstrong, etc.), and in great railway companies, coal mines, etc. -- require pressing in order to make them sound the war-trumpet, they are compelled to do so by Jingo opinion fabricated by means of newspaper, and even by preparations made for insurrections.[2]

In fact, does not that prostitute, the Press, prepare men's minds for new wars? Does it not hasten on those wars that are likely to break out? And in this way does it not compel the Governments to double, to treble their armaments? For example, did we not see in England, during the ten years preceding the Boer War, the great Press, and especially the illustrated papers, artfully preparing the people's minds for the necessity of a war, in order to "arouse patriotism"? To this end no stone was left unturned. With much noise they published novels about the next war, in which we were told how the English, beaten at first, made a supreme effort, and ended by destroying the German fleet and establishing themselves in Rotterdam. An English nobleman spent large sums of money that a patriotic play might be acted all over England. The play was too stupid to pay, even in second-rate theaters, but its production played into the hands of those moneymakers and politicians who intrigued with Rhodes in Africa that they might seize the Transvaal gold mines and compel the black natives to work in them.

Forgetting the past, these self-styled "patriots" even went as far as reviving the cult of England's sworn enemy, Napoleon I., and since then the work in this direction has never ceased.

and consequently British "intervention to reestablish order," to be followed sooner or later by "annexation."

However, such facts need not be multiplied. Bourgeois patriotism is already well known, and far more serious cases have been witnessed recently. Thus, during the war between Russia and Japan, English gold was supplied to the Japanese (at a very high rate of interest), in order that they might destroy Russia's nascent sea-power in the Pacific, which gave umbrage to England. But at the very same time the English colliery companies sold 300,000 tons of coal at a very high price to Russia, to enable her to send *Rojdestvensky's* fleet to the East. Two birds were killed with one stone: the owners of the Welsh collieries made a good business out of it; the shareholders and the directors of the Welsh colliery companies, taken from the nobility, the clergy, and the House of Commons -- every self-respecting company has representatives of these three classes on its board of directors -- increased their fortunes; and, on the other hand, the Lombard Street financiers placed money at 9 or 10 percent in the Japanese loan, and mortgaged a substantial part of the income of their "dear allies" as a security for the debt.

These are but a few facts among thousands of others of the same kind. In fact, we should be apprized of fine things done by the ruling classes if the bourgeois did not know how to keep their secrets! Let us, then, pass on to the next category of facts.

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We know that all great States have favored, besides their own arsenals, the establishment of huge private factories, where guns, armor-plates for ironclads of lesser size, shells, gunpowder, cartridges, etc., are manufactured. Large sums are spent by all States in the construction of these auxiliary factories, where the most skilled workmen and engineers are to be found gathered together, ready to fabricate engines of destruction on a great scale in case of a war.

The greater part, about four-fifths, of French savings, amounting every year to nearly £80,000,000, is poured into these great banks; and when foreign States, both great and small, railway companies, towns, or industrial companies from the five continents of the globe present themselves in Paris to make a loan, they turn to these four or five great banking companies, which have virtually the monopoly of foreign loans, and have at their disposal the necessary machinery to boom them.

Needless to say that it was not the skill of the directors of these companies that created their lucrative position. It was *the State*, the French Government, in the first place, that protected and favored these banks, and raised them to a privileged position which soon became a colossal monopoly. Whereupon the other States -- the borrowing States -- strengthened this monopoly. Thus, the *Crédit Lyonnais*, that monopolizes the Russian loans, owes its privilege position to the financial agents of the Russian Government, and to the Czar's Ministers of Finance.

The amount of business transacted every year by these four or five financial societies represents hundreds of millions of pounds. Thus, in two years, 1906 and 1907, they distributed in loans £300,000,000, of which £220,000,000 were in foreign loans ("Lysis," page 101). And when we learn that the "commission" of these companies for organizing a foreign loan is usually 5 percent for "the syndicate of intermediaries" (*apporteurs*, through whose instrumentality the new loan is brought about), 5 percent for the "guarantee syndicate," and from 7 to 10 percent for the syndicate or trust of the four or five banks we have just named, we see what immense sums go to these monopolists.

Thus, one single "intermediary" who "brought out" the loan of £50,000,000 contracted by the Russian Government in 1906 to crush the Revolution, actually received -- so "Lysis" tells us in his just-mentioned book -- a commission of 12,000,000 francs (£480,000).

We can, therefore, understand the occult influence on international politics exercised by the powerful directors of these financial societies, with their mysterious bookkeeping and with the plenary powers that certain directors exact and obtain from their shareholders -- because they must be discreet when nearly half a million pounds have to be paid to Monsieur So-and-so, £10,000\* to a certain Minister, and so may millions, besides the orders of the *Légion d'Honneur*, to the Press! There is not, says "Lysis," one single large newspaper in France that is not paid by the banks. This is clear. One can easily guess how much money was distributed in this way among the Press during the years 1906 and 1907, when a series of Russian State loans, railway loans, and loans for real estate banks were being prepared. How many "quill-drivers" waxed fat on the loans -- we see it in "Lysis's" book. What a windfall, in fact! The Government of a great State at bay! A revolution to be crushed! Such luck is not to be met with every day!

No doubt everybody is more or less aware of that, and there is not a single politician, in Paris or elsewhere, who does not know the workings of all this jobbery, and who does not hear mentioned the names of the women and men who have received large sums after each loan, great or small. Russian or Brazilian. And each one, if he has the slightest knowledge of business, knows to what degree this organization of great financial houses is a product of the State, *an essential attribute of the State*.

And it would be such a State -- the powers and prerogatives of which our politicians are so careful not to lessen -- that most of the social reformers expect to be the instrument for the emancipation of the masses! What nonsense!

Be it stupidity, ignorance, or imposture -- it is equally undeniable in people who believe themselves called to direct the fate of nations.

### III. WAR AND INDUSTRY

We have seen in the preceding chapter that industrial rivalries and the desire of acquiring new markets for the export of home-made products are the chief cause of wars in modern times. Let us now see how in modern industry the States create a class of men interested in turning nations into armies, ever ready to hurl themselves at one another.

There are now, as we know, immense industries giving work to millions of men, and existing for the sole purpose of producing war material. It is, therefore, entirely to the advantage of these manufacturers, and of those who lend them the necessary capital, to prepare for war, and to fan the fear that war is ever on the eve of breaking out.

We need not concern ourselves with the small fry -- with the makers of worthless firearms, trumpery swords, and revolvers that always miss fire, such as are to be found in Birmingham, Liège, etc. These are not of much account, although the trade in these firearms, carried on by exporters who speculate in "Colonial" wars, has already attained a certain importance. We know, for example, that English merchants supplied firearms to the Matabele when they were about to rise against the English, who were forcing them into serfdom. Later on, there were French manufacturers, and even well-known English ones, who made their fortunes by supplying firearms, cannons, and ammunition to the Boers. And even now we hear of quantities of firearms imported by English merchants into Arabia, which some day will cause risings among the Arabian tribes, bring about the plundering of a few British merchants,